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Contact: Alex Minchenkov, (202) 690-8121
Richard Barton, (202) 690-1502

Farm Production Expenses Fall for First Time Since 1986

Washington, August 3, 2010 - After setting a record high in 2008, U.S. farm production expenditures decreased by nearly \$20 billion in 2009 – the first major decline in nearly a quarter century, according to the *Farm Production Expenditures 2009* summary released today by the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS).

The average production expenditures per farm fell 6.4 percent in 2009, from \$140,075 to \$131,137. Total U.S. expenditures totaled \$287 billion, down from \$307 billion in 2008.

Falling petroleum prices were a major factor behind the decline in overall farm expenses, leading to decreases in the costs of fuels, fertilizer and agricultural chemicals. The report shows that farmers and ranchers spent \$12.4 billion on fuels in 2009, down 22.5 percent from the previous year. The average U.S. farm operation spent \$5,658 on fuel in 2009, \$1,642 less than in 2008.

Total fuel expenditures nationwide included \$7.22 billion for diesel, down 26.8 percent from 2008; \$2.43 billion for gasoline, down 19.3 percent; \$1.95 billion for LP gas, down 3.9 percent; and \$800 million for other fuels, down 27.3 percent.

Overall, 2009 farm production expenditures decreased in all major categories. Average feed costs decreased 4 percent, to \$20,533 per farm; average costs for farm services decreased 4.2 percent to \$16,609 per farm; and the average costs for fertilizer, lime and soil conditioners decreased 10.7 percent to \$9,171 per farm.

The *Farm Production Expenditures* summary provides the official estimates for production input costs on U.S. farms and ranches. These estimates are based on the results of the nationwide Agricultural Resource Management Survey, conducted annually by NASS. The *Farm Production Expenditures 2009* summary and all NASS reports are available online at www.nass.usda.gov.

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